

Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 PM-03 NSC-05 SP-02 SS-15 CIAE-00 INR-07

NSAE-00 PA-01 USIA-06 PRS-01 AID-05 SY-05 EB-07

TRSE-00 OMB-01 AGR-05 FRB-03 ORM-01 SR-02 /080 W

----- 060957

R 221036Z MAR 75

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC 9927

INFO CINCPAC HONOLULU HI

SECDEF WASHDC

JCS WASHDC

S E C R E T SECTION 1 OF 2 PHNOM PENH 5242

E.O. 11652: GDS

TAGS: MPOL, CB

SUBJ: FANK PERSONNEL SITUATION

REFS: (A) JCS 202304Z MAR 75 (B) CINCPAC 210212Z MAR 75

1. THIS IS A COUNTRY TEAM RESPONSE TO REFTELS.
2. REF (A) ADDRESSED FANK RETENTION/DESERTION/RECRUITING PROBLEMS AND SUGGESTED INCREASED PAY FOR TROOPS SHOULD BE SUFFICIENT INCENTIVE TO CORRECT BLEAK SITUATION.
3. REF (B) REQUESTED STATUS OF FANK PAY WITHIN THE ECONOMIC COMMUNITY AND A COUNTRY-TEAM POSITION AND RECOMMENDATION REGARDING INCREASE.

4. PERSONNEL:

A. THE PERSONNEL POSTURE OF FANK SLOWLY DETERIORATED THROUGHOUT CY 74 DUE TO INCREASED LEVELS OF COMBAT INTENSITY. RECRUITING EFFORTS DID NOT KEEP UP WITH LOSSES, RESULTING IN A 50-60 PERCENT FOXHOLD STRENGTH OF INTERVENTION UNITS ON 1 JAN 75, DECREASING TO A CURRENT FOXHOLE STRENGTH OF

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30-40 PERCENT. TOTAL LOSSES FROM 1 JAN TO 14 MAR 75 ARE:

KIA	3,206
MIA	502
DESERTERS	5,849
WIA	11,442

TOTAL 20,999

TOTAL GAINS FOR THE SAME PERIOD ARE:

TRAINING CENTER RECRUITS ASSIGNED TO UNITS	8,119
ASSUMED 35 PERCENT WIA RETURN TO DUTY	4,005
ASSUMED 5 PERCENT DESERTERS RETURN TO DUTY	292
TOTAL	12,416

NET LOSS: 8,583

IT SHOULD BE NOTED THAT 3,200 HEADQUARTERS AND COMBAT SERVICE SUPPORT PERSONNEL HAVE BEEN TRANSFERRED INTO INTERVENTION UNITS, WHICH FURTHER REDUCES NET LOSS TO APPROXIMATELY 5,383. UNFORTUNATELY, DESERTION RATES ARE HIGH AMONG THESE FORMER CHAIR-BORNE SOLDIERS.

B. IF DESERTIONS COULD BE SIGNIFICANTLY REDUCED, FOXHOLE STRENGTH WOULD CLOSELY APPROACH THE 1 JAN 75 FIGURE. THE COUNTRY TEAM HAS RECOMMENDED TO GKR/FANK SEVERAL MEASURES WHICH MAY REDUCE DESERTIONS, INCLUDING A 10-DAY COUNTRY-WIDE AMNESTY PROGRAM RECENTLY ANNOUNCED BY MARSHALHLOM NOL, FOLLOWED BY SEVERE DISCIPLINARY ACTIONS FOR SUBSEQUENT DESERTION. ADDITIONAL MEASURES WOULD INCLUDE: ESTABLISHMENT OF DESERTER CONTROL POINTS WITHIN UNIT AREAS, AND INCREASED CONTROL OVER PERSONNEL ENROUTE FROM RECRUITING CENTERS TO TRAINING CENTERS, AND THEN TO UNITS.

C. THE RECRUITING/CONSCRIPTION PROGRAM HAS SHOWN SOME IMPROVEMENT SINCE DEC 74:

DEC	JAN	FEB	MAR 1-14
2,844	3,707	5,223	2,570

SINCE RECRUITING RESPONSIBILITY HAS RECENTLY BEEN TRANSFERRED
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FROM FANK TO THE PRIME MINISTER, PERSONNEL PROCUREMENT SHOULD IMPROVE STILL FURTHER.

5. HOWEVER, IN ORDER TO HALT THE DECLINE IN FANK MORALE WHICH IS MANIFESTING ITSELF IN A DESERTION RATE THAT, COUPLED WITH OTHER LOSSES, IS RAPIDLY SAPPING THE KHMER ARMED FORCES, AN IMMEDIATE SUBSTANTIAL PAY RAISE IS HIGHLY DESIRABLE.

6. PAY:

A. THE FANK PERSONNEL SITUATION HAS BEEN CONTINUALLY ADDRESSED BY THE COUNTRY TEAM. BECAUSE FANK'S PAYROLL EXCEEDED THE AUTHORIZED PAID STRENGTH CEILING OF 253,378 FOR THE MONTHS OF JUNE, JULY, AND AUGUST, 1974, A HIGH-LEVEL MEETING WAS HELD IN SEPTEMBER 1974 AT WHICH THE GKR AND THE U.S. AGREED TO A FANK PAID STRENGTH OF 223,000. THE AGREEMENT COINCIDED WITH OTHER ECONOMIC REFORMS INCLUDING CIVILIAN AND MILITARY PAY INCREASES, OFFICIAL PRICE INCREASES FOR RICE AND POL PRODUCTS, AND A SUBSTANTIAL DEVALUATION OF THE RIEL. THE REDUCED FANK PAID STRENGTH WAS DESIGNED TO YIELD MONETARY SAVINGS TO FINANCE THE PAY INCREASE WHILE AT THE SAME TIME PRESSURING COMMANDERS TO REDUCE PHANTOMS. PRIOR TO THIS, A DOD AUDIT TEAM HAD BEEN REQUESTED BY MEDTC TO CONDUCT A REVIEW OF THE PHANTOM PROBLEM. THE AUDIT WAS COMPLETED IN NOVEMBER AND THE FINAL REPORT OF FINDINGS IS FORTHCOMING. THE DRAFT REPORT, HOWEVER, SHED LITTLE NEW LIGHT ON THIS MAJOR PERSONNEL PROBLEM.

B. ACTUAL PAID STRENGTH WAS REDUCED BY FANK FROM 261,000 (AUG 74) TO 244,000 (JAN 75). BUDGETED FUNDS TO SUPPORT A PAID STRENGTH OF ONLY THE AGREED 223,000 HAVE RESULTED IN UNPAID SOLDIERS. THE DIRECTOR OF FANK FINANCE SERVICE HAS DIVERTED PENSION AND TAX WITHHOLDING FUNDS TO PAY SOME OF THE EXCESS SOLDIERS, BUT THERE STILL REMAIN APPROXIMATELY 7,000 UNPAID PER MONTH.

C. ON 31 OCT 74, A JOINT MILITARY BUDGET REVIEW COMMITTEE WAS ESTABLISHED TO STUDY AND PROVIDE RECOMMENDATIONS ON ALL MILITARY BUDGET ISSUES. THE COMMITTEE CONSISTS OF REPRESENTATIVES FROM USAID, MEDTC, MINISTRY OF DEFENSE, MINISTRY OF FINANCE, AND FANK. IT MEETS FREQUENTLY. ON 15 FEB, THE
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COMMITTEE RECOMMENDED REPAYING THE GKR TREASURY THE BORROWED PENSION AND TAX WITHHOLDING FUNDS; PAYING UNPAID SOLDIERS FOR OCT 74-JAN 75; AUTHORIZING "OPERATIONAL" FUNDS FOR COMMANDERS SO THAT THEY WOULD BE ENCOURAGED TO REDUCE PHANTOMS, HERETOFORE,

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TRSE-00 OMB-01 AGR-05 FRB-03 ORM-01 SR-02 /080 W

----- 060972

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FM AMEMBASSY PHNOM PENH

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A SOURCE OF SUCH FUNDS - THE GOAL BEING A REDUCTION OF 10,000 IN PAID STRENGTH; AND FINALLY, EQUALIZING COMBAT PAY WITHIN INTERVENTION UNITS. TOTAL FUNDS NEEDED FOR THESE PROPOSALS ARE APPROXIMATELY 4 BILLION RIELS (\$2.4 MILLION). CHMEDTC, IN A 5 MARCH 1975 LETTER TO THE MINISTER OF DEFENSE, SUPPORTED THESE PROPOSALS AND RECOMMENDED THAT THEY BE IMPLEMENTED AS SOON AS POSSIBLE, SUBJECT TO THE AVAILABILITY OF FUNDS. THE MINISTER OF FINANCE HAS RECENTLY SUBMITTED THESE PROPOSALS TO THE GKR COUNCIL OF MINISTERS FOR DECISION.

D. DUE TO THE HIGH INFLATION RATE, SEPTEMBER PAY RAISE HAS NOT KEPT UP WITH THE INCREASE COST OF LIVING. A RECENT UNIDO STUDY (DEC 74) INDICATES THAT 56,500 RIELS PER MONTH ARE REQUIRED TO MEET THE MINIMUM NUTRITIONAL NEEDS FOR A FAMILY OF SIX, WHILE THE AVERAGE MILITARY MEMBER RECEIVES 19,529 RIELS PER MONTH TO INCLUDE ALL PAY, ALLOWANCES, AND FREE RICE (INTERVENTION UNITS ONLY). THIS CONDITION RESULTS IN DE FACTO POVERTY CONDITION FOR THE MILITARY FAMILY, CONTRIBUTES TO DESERTION AND LOW MORALE AND CURRENTLY THREATENS TO DESTROY THE COMBAT EFFECTIVENESS OF FANK.

E. THE GKR BUDGET FOR CY 1975 PRESENTLY IS PROJECTED AT 115 BILLION RIELS AS FOLLOWS:

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(IN BILLIONS OF RIELS)

CIVIL BUDGET:

PAY 24.2

MATERIEL 25.4 49.6

MILITARY BUDGET:

PAY	58.0	
MATERIEL	7.6	65.6
TOTAL	115.2	

REVENUES:

DOMESTIC	27.7
DEFICIT BEFORE COUNTERPART	87.5

F. THE MOST OPTIMISTIC PROJECTION OF COUNTERPART GENERATIONS FOR THIS CALENDAR YEAR IS 47.3 BILLION, WHICH INCLUDES 37.1 BILLION CIP AND 10.3 BILLION TITLE I PL 480. HUMANITARIAN ASSISTANCE REQUIREMENTS ALONE TOTAL AT LEAST 50 BILLION RIELS. IT IS THEREFORE CLEAR THAT COUNTERPART CANNOT COMPLETELY FINANCE HUMANITARIAN ASSISTANCE REQUIREMENTS, TO SAY NOTHING OF USING CIP AND ESF GENERATIONS TO MAKE A FURTHER CONTRIBUTION TO MILITARY BUDGET SUPPORT.

G. THUS, THERE ARE CURRENTLY TWO SOURCES OF FUNDS TO SUPPORT THE RECOMMENDATIONS OF THE JOINT MILITARY BUDGET REVIEW COMMITTEE PLUS AN ADDITIONAL PAY RAISE. THESE ARE:
1) REPROGRAMMING WITHIN THE PRESENT PROJECTED BUDGET, AND
2) ADDITIONAL NATIONAL BANK ADVANCES. THE COUNCIL OF MINISTERS IS NOW CONSIDERING POSSIBLE REPROGRAMMING ACTIONS, BUT IN OUR VIEW, THIS CAN YIELD ONLY LIMITED AMOUNTS IN VIEW OF THE AUSTERE BUDGET AND THE REALITIES OF THE CURRENT POLITICAL SITUATION. ADDITIONAL BANK ADVANCES WOULD EXACERBATE INFLATIONARY TRENDS, FURTHER DEVASTATING AN ALREADY PRECARIOUSLY FRAGILE GKR ECONOMY DENUDED OF ANY SEMBLANCE OF FOREIGN TRADE BY THE CLOSURE OF THE MEKONG. HOWEVER, ON BALANCE, WE BELIEVE THAT THE COMBINATION OF PAY MEASURES PROPOSED ABOVE SHOULD BE APPROVED TO OBTAIN A MORE EFFECTIVE FANK. THE INCREASE WOULD AMOUNT TO 25 PERCENT OF TOTAL PAY AND ALLOWANCES, OR 14.5 BILLION RIELS (EQUIVALENT TO APPROXIMATELY 9 MILLION DOLLARS AT CURRENT EXCHANGE RATE), TO BE PAID BY NATIONAL BANK ADVANCES, WHICH MUST BE APPROVED
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BY THE NATIONAL ASSEMBLY. WE WILL HOPE TO CUSHION THE INFLATIONARY EFFECT OF THIS ACTION BY DISTRIBUTING TITLE II AND SUBSIDIZED TITLE I RICE AS WIDELY AS POSSIBLY TO THE GENERAL CIVILIAN POPULACE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY PERSONNEL, REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ellisoob
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975PHNOM05242
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750101-0335
From: PHNOM PENH
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750325/aaaaawfw.tel
Line Count: 270
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: 75 JCS 202304Z, 75 MAR 75, 75 CINCPAC 210212Z, 75 MAR 75
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 09 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 APR 2003 by ShawDG>; APPROVED <22 SEP 2003 by ellisoob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FANK PERSONNEL SITUATION
TAGS: MPOL, MILI, CB
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006